

**EXPLANATION OF UNEMPLOYMENT RATE (Form AC-174 and AC-174.1)**

(Refer to Section 7 (c) of the New Jersey Unemployment Compensation Law)

Your contribution rate has been computed for the current fiscal year based upon:

- (1) Your Reserve Ratio (Item G), and
- (2) The Unemployment Trust Fund Reserve Ratio (Item E).

Your Reserve Ratio (Item G) is computed in the following manner:

**RESERVE BALANCE****AVERAGE ANNUAL PAYROLL**

Reserve Balance is determined by subtracting Benefits Charged from Contributions Paid.

Benefits Charged are your share of total unemployment benefits paid to your present or former employees for all past years through December 31 of the preceding calendar year.

Contributions Paid are all your employer unemployment insurance payments for all past years through January 30th of the current year.

Average Annual Payroll is your average payroll for the last three or five years whichever is the greater.

Your "payroll" includes only those taxable wages upon which you have actually paid employer contributions as of the prior January 30th.

The Unemployment Trust Fund Reserve Ratio (Item E) is computed in the following formula:

**BALANCE OF UNEMPLOYMENT TRUST FUND****TOTAL TAXABLE WAGES**

Balance of Unemployment Trust Fund is the balance in the Fund as of March 31st of the current year.

Total Taxable Wages are all taxable wages reported to the New Jersey Department of Labor by all employers as of March 31st of the current calendar year with respect to their employment during the preceding calendar year.

**UNEMPLOYMENT INSURANCE EXPERIENCE RATES <sup>(1)</sup>****TRUST FUND RESERVE RATIO <sup>(2)</sup>**

	4.50% AND OVER A	3.50% TO 4.49% B	3.00% TO 3.49% C	2.50% TO 2.99% D	2.49% AND UNDER E
<b>EMPLOYER RESERVE RATIO <sup>(3)</sup></b>					
<b>POSITIVE RESERVE RATIO</b>					
17% and over .....	0.3%	0.4%	0.5%	0.6%	1.2%
16.00% to 16.99% .....	0.4%	0.5%	0.6%	0.6%	1.2%
15.00% to 15.99% .....	0.4%	0.6%	0.7%	0.7%	1.2%
14.00% to 14.99% .....	0.5%	0.6%	0.7%	0.8%	1.2%
13.00% to 13.99% .....	0.6%	0.7%	0.8%	0.9%	1.2%
12.00% to 12.99% .....	0.6%	0.8%	0.9%	1.0%	1.2%
11.00% to 11.99% .....	0.7%	0.8%	1.0%	1.1%	1.2%
10.00% to 10.99% .....	0.9%	1.1%	1.3%	1.5%	1.6%
9.00% to 9.99% .....	1.0%	1.3%	1.6%	1.7%	1.9%
8.00% to 8.99% .....	1.3%	1.6%	1.9%	2.1%	2.3%
7.00% to 7.99% .....	1.4%	1.8%	2.2%	2.4%	2.6%
6.00% to 6.99% .....	1.7%	2.1%	2.5%	2.8%	3.0%
5.00% to 5.99% .....	1.9%	2.4%	2.8%	3.1%	3.4%
4.00% to 4.99% .....	2.0%	2.6%	3.1%	3.4%	3.7%
3.00% to 3.99% .....	2.1%	2.7%	3.2%	3.6%	3.9%
2.00% to 2.99% .....	2.2%	2.8%	3.3%	3.7%	4.0%
1.00% to 1.99% .....	2.3%	2.9%	3.4%	3.8%	4.1%
0.00% to 0.99% .....	2.4%	3.0%	3.6%	4.0%	4.3%
<b>SPECIAL ASSIGNED RATE <sup>(4)</sup></b> .....	5.4%	5.4%	5.4%	5.4%	5.4%
<b>DEFICIT RESERVE RATIO (CR)</b>					
-0.00% to -2.99% .....	3.4%	4.3%	5.1%	5.6%	6.1%
-3.00% to -5.99% .....	3.4%	4.3%	5.1%	5.7%	6.2%
-6.00% to -8.99% .....	3.5%	4.4%	5.2%	5.8%	6.3%
-9.00% to -11.99% .....	3.5%	4.5%	5.3%	5.9%	6.4%
-12.00% to -14.99% .....	3.6%	4.6%	5.4%	6.0%	6.5%
-15.00% to -19.99% .....	3.6%	4.6%	5.5%	6.1%	6.6%
-20.00% to -24.99% .....	3.7%	4.7%	5.6%	6.2%	6.7%
-25.00% to -29.99% .....	3.7%	4.8%	5.6%	6.3%	6.8%
-30.00% to -34.99% .....	3.8%	4.8%	5.7%	6.3%	6.9%
-35.00% and under .....	5.4%	5.4%	5.8%	6.4%	7.0%
<b>SPECIAL ASSIGNED RATE <sup>(5)</sup></b> .....	5.4%	5.4%	5.8%	6.4%	7.0%
<b>NEW EMPLOYER RATE</b> .....	2.8%	2.8%	2.8%	3.1%	3.4%

(1) Includes rates for workforce development, health care subsidy and unemployment insurance.

(2) Trust Fund Balance as of March 31 as a percentage of taxable wages in the prior calendar year.

(3) Employer's contributions minus benefits charged to the employer as a percentage of the employer's taxable wages.

(4) Employers with a positive reserve balance who have had covered employment with wages and who have failed to report or pay tax obligations during at least one year used in the calculation of rates.

(5) Employers with a negative reserve balance who have had covered employment with wages and who have failed to report or pay tax obligations during at least one year used in the calculation of rates.

A voluntary payment of additional contributions may be made by completing the enclosed Form UC-45, Voluntary Contribution Report. Payments must be made within thirty (30) days after the date of mailing of your Notice of Employer Contribution Rate unless for good cause, an extension has been granted for not more than an additional sixty (60) days or October 28 of the current calendar year whichever is the earlier. Voluntary payments of additional contributions received timely will be applied to your reserve balance and a recomputation of your rate will be forwarded to you. Refer to the instructions on Form UC-45 concerning the conditions governing voluntary contributions.

## EXPLANATION OF DISABILITY RATE (Form AC-174 only)

Your DISABILITY CONTRIBUTION RATE is the product of (1) the condition of your account after crediting all contributions paid by you and your workers and charging all benefits paid to your workers and (2) the overall condition of the Temporary Disability Benefits Fund after all transactions, affecting all employers, have been considered.

### THE CONDITION OF YOUR ACCOUNT DETERMINES YOUR PRELIMINARY RATE

- Contributions credited to your account (Item H) are reduced by the amount of benefits charged (Item I). The difference, your RESERVE BALANCE (Item J), is further reduced by \$500.00, an amount specified by Law, and then divided by your AVERAGE ANNUAL PAYROLL (Item K)\*. The result is your EXCESS OR DEFICIT RESERVE BALANCE PERCENTAGE (Item M).

No such percentage is calculated for you, if

- There were 1 or more full years, during the last 3 years, in which you made no contributions to the Fund. **If this condition applies in your case, the numeral '1' appears in Item L.**
- Your Excess in Item J is \$500.00 or less. **If this condition applies in your case, the numeral '2' appears in Item L.**

\* The higher of the last 3 or 5 years is used in this calculation.

- Your unadjusted PRELIMINARY RATE for the fiscal year (Item N) is found by comparing your EXCESS OR DEFICIT RESERVE BALANCE PERCENTAGE (Item M) with percentages specified in the Law and shown below:

#### If your Excess or Deficit Reserve Balance Percentage is:

1.50% or more

1.25% to 1.49%

1.01% to 1.24%

1.00% or less

0.24% CR or less

0.25% CR to 0.49% CR

0.50% CR to 0.74% CR

0.75% CR to 0.99% CR

1.00% CR or more

#### Your Preliminary Rate is:

0.10%

0.15%

0.20%

0.25%

0.35%

0.45%

0.55%

0.65%

0.75%

If you do not have an EXCESS OR DEFICIT RESERVE BALANCE PERCENTAGE computed for either of the reasons shown in Item L, you are not eligible for a calculated preliminary rate. The basic preliminary rate assigned under condition (a) number 1 is 0.50% (b) number 2 is 0.25%.

- The Preliminary Rate for a current fiscal year cannot be higher than 0.20% or lower than 0.10% of the unadjusted Preliminary Rate for the prior fiscal year. A comparison is made between the unadjusted current year rate and the unadjusted prior year rate. If an adjustment is required, it is shown as the adjusted current year rate. If no adjustment is necessary, the unadjusted current year rate becomes the adjusted current year rate.

If you did not make contributions to the fund in each of the last 3 calendar years, the assigned basic rate of 0.50% cannot be adjusted.

### THE PRELIMINARY RATE MODIFIED BY THE CONDITION OF THE FUND DETERMINES YOUR FINAL DISABILITY CONTRIBUTION RATE

The overall condition of the Fund, expressed as a percentage called the BENEFITS FUND RESERVE PERCENTAGE (Item O) is found by dividing the total wages upon which all contributions were paid through the last calendar year into the balance of the Temporary Disability Benefits Fund as of December 31 of the last calendar year increased by the contributions paid thereto during January of the current calendar year with respect to employment occurring in preceding calendar years. If the percentage found is:

- 1.25% or higher, **1.25 is subtracted from** the Benefits Fund Reserve Percentage and the difference, adjusted to the nearest 0.05% is the FUND FACTOR (Item O). This Fund Factor **decreases** Preliminary Rates; however:

(1) No rate can be reduced below 0.10%;

(2) No reduction can be made if you were ineligible for a calculated Preliminary Rate and you were assigned the basic rate of 0.50% or if you have a Deficit Reserve Balance Percentage (Item M).

- Less than 1.25% but not less than 0.75%, there is no calculation OF THE FUND FACTOR. Preliminary Rates are the Final Disability Contribution Rates.

- Less than 0.75% but more than 0.25%, the Benefits Fund Reserve Percentage (Item O) is subtracted from 0.75% and the difference, adjusted to the nearest 0.05% becomes a negative FUND FACTOR (Item O). This Fund Factor Increases Preliminary Rates, however:

(1) Preliminary Rates of 0.20% or less cannot be increased beyond 0.25%;

(2) Preliminary Rates of 0.25% cannot be increased beyond 0.50%;

(3) Preliminary Rates of 0.35% and higher cannot be increased beyond 0.75%.

- Equal to or less than 0.25% your final rate will be as follows:

(1) 0.40% if your preliminary rate is 0.20% or less;

(2) 0.70% if your preliminary rate is 0.25% or 0.50%;

(3) 1.1% if your preliminary rate is 0.35%, 0.45%, 0.55%, 0.65% or 0.75%.

Your PRELIMINARY RATE (Item N) modified by the Fund Factor, if any, in Item O results in your FINAL DISABILITY CONTRIBUTION RATE for the next fiscal year.